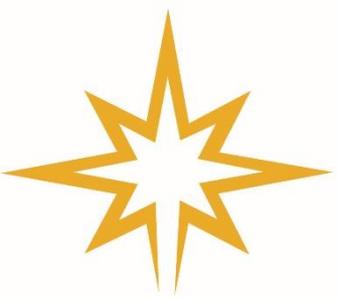


City of Bethlehem

LERTA Program Through the Years

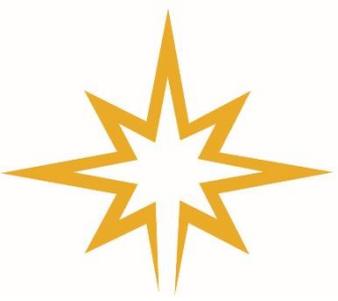




LERTA

Local Economic Revitalization Tax Assistance

- Historic Overview
- Affordable Housing Need
- Proposal
- Map and Exemption Schedule
- Affordable Housing Fund
- Impact, Investment & Projects
- Conclusion



Historic Overview

1977

- Approved by the Commonwealth of Pennsylvania

1984

- First LERTA implemented in Bethlehem (Article 342)

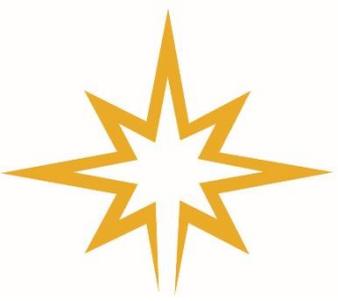
1986, 1991, & 2012

- LERTA expansions - Northside, Southside and Central Business District

2021

- New Proposal - Trends to Consider:
 - Downturn in office development
 - Continued increase in large industrial/warehousing
 - Substantial need for more housing
 - Substantial increase in housing costs
 - Lack of affordable housing





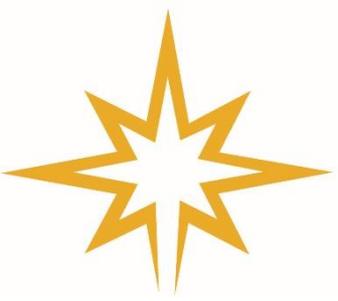
Affordable Housing Need

Affordability Statistics in the City:

- 46% of the City's population are LMI
- 48% of the City's households make less than \$50,000
- 4% is the percent increase in apartment rents per year From 2009-2015 rents have increased 18%
- 41% Rental occupied units cost burdened
- 18% Owner occupied units cost burdened
- 2,000± On the BHA wait list

(Source: 2020-2024 Consolidated Plan, HUD CHAS Data 2013-2017)



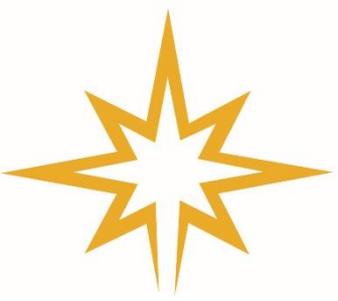


Affordable Housing Need

Housing Cost and Affordability

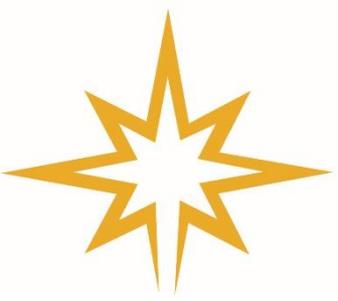
- Apartment Size: 935 sf
 - \$1,500 – avg. 1BR
 - \$1,725 – avg. 2BR

(Source: apartments.com)
- Rent Calculator
 - Median income \$45,850 (1 person household)
 - 30% of income \$1,146.25/month
 - \$350/month deficit



City of Bethlehem
Income Categories, 2021

<u>FAMILY SIZE</u>	Under 80% of Median Income	30% of Income
1 person	< \$45,850	\$13,755
2 persons	< \$52,400	\$15,720
3 persons	< \$58,950	\$17,685
4 persons	< \$65,500	\$19,650



PROPOSAL

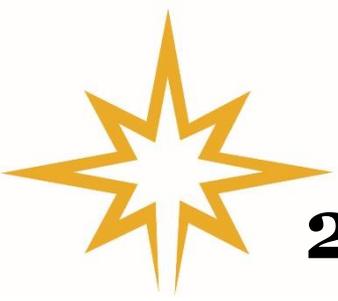
2021 Affordable Housing LERTA

LERTA Incentive Parameters:

- Targets Southside specific parcels
- Incorporates affordable housing
- Tax abatement for 10 years
- Establishment of an Affordable Housing Fund

**Current Southside and Northside LERTA Districts still apply*





PROPOSAL

2021 Affordable Housing LERTA

Affordable Housing Details...

- Compliance occurs when 10 or more residential units are proposed
- Dedicate 10% of all units as affordable
- Maintain housing in which all costs (rent and utilities) do not exceed 30% of the gross income of the occupants
- Follow published HUD income limits and rent limits for the Bethlehem area
- Maintain the affordable units for 10 years
- Option for Compliance:
 - Establish an Affordable Housing Fund for a *Fee-in-Lieu* per unit.

Affordable Housing LERTA District



4.52 Acres

2.3 Acres

3.02 Acres

4.9 Acres

4.48 Acres

0.95 Acres

2.13 Acres

0.47 Acres

1.27 Acres

0.25 Acres

1.15 Acres

1.4 Acres

1.29 Acres

0.39 Acres

0.34 Acres

0.13 Acres

0.78 Acres

0.13 Acres

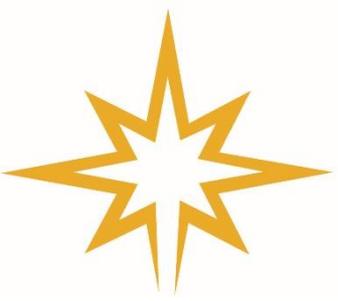
0.55 Acres

0.02 Acres

0.04 Acres

Affordable Housing LERTA District Parcels

0 0.1 Miles

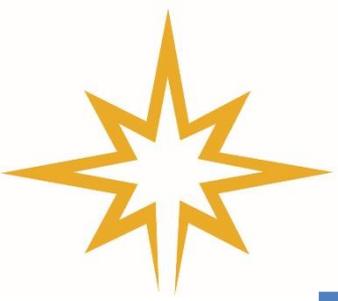


Potential Assessment Increase

No LERTA **Current Assessment/Acre = \$36,360**

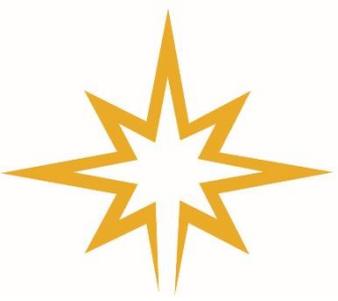
With LERTA **Future Assessment/Acre = \$2,097,432**

** Current assessments of the parcels on the previous slide were pulled from the Northampton County Assessment database. The total was then divided by the 30.55 acres to get a “per acre” figure. Future assessment numbers were calculated using data from recent development in the area.*



Exemption Schedule

YEAR	EXEMPTION
1	100% Eligible assessment is exempted
2	90% Eligible assessment is exempted
3	80% Eligible assessment is exempted
4	70% Eligible assessment is exempted
5	60% Eligible assessment is exempted
6	50% Eligible assessment is exempted
7	40% Eligible assessment is exempted
8	30% Eligible assessment is exempted
9	20% Eligible assessment is exempted
10	10% Eligible assessment is exempted
	After the 10 th year the exemption shall terminate.

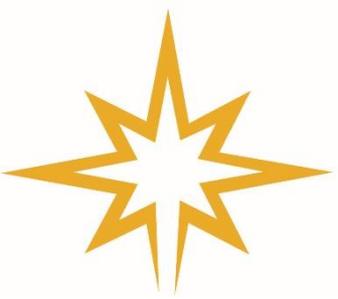


Affordable Housing Fund

Fee-In-Lieu: \$25,000 per unit

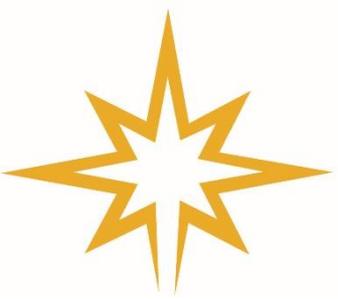
Affordable Housing Fund

- Purpose: “advancing affordable housing and remediating in whole or in part deteriorated areas through a program of low interest loans or forgiveness grants, **and/or rental assistance** to persons of low, very low, and extremely low income as may be determined by the poverty guidelines of the United States Department of Housing and Urban.” Future spending is focused on increasing long-term affordable housing units.
- Uses of Funds: acquisition, rehabilitation, fees associated design/acquisition/rehabilitation, **rental subsidies**
- Guidelines:
 - Should remain flexible according to changes in market and development climate.
 - Should be viewed as a viable resource by housing providers and residential developers
 - Should include rules for spending timeliness and period of affordability



Conclusion

- LERTA continues to be a strong incentive program:
 - Easton: amended 2018, proposed amendment 2021 (adding 11 new properties)
 - Lancaster: 2020 proposal to include affordable housing
 - State College: 2019 focused on adaptive reuse of historic properties
- LERTA is a widely used, fiscally responsible tool to redevelop underutilized properties and would be a highly effective solution for increasing affordable units in the City.



Questions

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